

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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**EXECUTIVE SUMMARY**

This report responds to Council's motion that Administration bring forward amendments to the Land Use Bylaw (LUB) related to payday loan businesses and other fringe financial institutions. Payday loan businesses are classified under the "Information and Service Provider" use definition in the LUB, which includes other businesses such as income tax service providers, some real estate offices, travel and insurance agencies and registry offices. The number and type of payday loan businesses has fluctuated as the industry expanded and consolidated, but as of July 2015 there were approximately 82 payday lending businesses in Calgary. Calgary does not have definition of 'fringe financial institutions', but they include non-traditional lenders such as independent title loan businesses and pawn shops. There are currently 15 pawn shops in Calgary and they have their own definition in the LUB.

Payday loans are small short-term loans typically repaid with a post-dated cheque or pre-authorised debit on a chequing account, which is required concurrently with the loan. Payday loan businesses in Alberta are regulated under the Payday Loans Regulation and are required to be Provincially-licensed. Payday loan businesses are prohibited by the Regulation from approving a 'rollover' loan. This means each short-term loan must be repaid. Pawn Shops offer short-term loans in exchange for collateral.

A review of the locations of payday loan businesses and pawn shops in Calgary has shown evidence of clustering of these uses in some locations. This report proposes that payday loan businesses be separately defined in the LUB, with a requirement of a minimum 400 metre separation distance between payday loan businesses. The report also proposes a minimum 400 metre separation distance between pawn shop businesses. The purpose of the separation distance is to manage the impacts of clustering.

**PREVIOUS COUNCIL DIRECTION**

At the 2015 March 30 meeting of Council, the 2015 March 11 decision of the SPC on PUD was moved by Councillor Chabot, seconded by Councillor Farrell, and adopted by Council, as amended.

At the 2015 March 11 meeting of the SPC on PUD, it was moved by Councillor Pootmans, and carried by the committee that Administration to bring forward amendments to the Land Use Bylaw related to payday lending businesses and other fringe financial institutions, and report back through Calgary Planning Commission no later than Q3 2015.

On 2014 October 07 Council approved notice of motion NM2014-39, moved by Councillor Pincott and seconded by Councillor Chabot, that Administration report to the SPC on Planning and Urban Development with a report that considers options and impacts related to regulating payday-loan business, including a unique definition for payday loan businesses, a separation distance between payday loan businesses to manage clustering and amendments to the business license bylaw that would include a separate category and fee structure for payday loan businesses.

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

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**ADMINISTRATION RECOMMENDATION**

2015 September 24

That Calgary Planning Commission recommends **APPROVAL** of the proposed amendments of the Land Use Bylaw (1P2007) and the proposed Pawn Shop and Payday Loan Separation Distance Policy.

**RECOMMENDATION(S) OF THE CALGARY PLANNING COMMISSION**

That Council hold a Public Hearing on Bylaw 43P2015; and

1. **ADOPT** the proposed amendments to Land Use Bylaw (1P2007), in accordance with Administration's recommendation; and
2. Give three readings to the proposed Bylaw 43P2015.
3. **ADOPT**, by Resolution, the proposed Pawn Shop and Payday Loan Separation Distance Policy.

**REASONS FOR RECOMMENDATION:**

Administration recommends approval of the amendments to the LUB and adoption of the "Pawn Shop and Payday Loan Separation Distance Policy".

A separate definition for a payday loan business is proposed because they have a different impact on the community aesthetic, may influence the collective perceptions about a community, and seem to cluster in some areas, unlike other Information and Service Provider uses.

The proposed separation distance will help manage further clustering of pawn shops and payday loan businesses in communities, and the limit on variances to the separation distance will promote eventual dispersion of existing clusters. The separation distance will help create viable local and mixed-use areas, as well as a full range of uses within retail areas, as envisioned by Council policy.

The proposed 400 metre separation distance is based on the five-minute or 400 metre walking distance in the MDP, while the proposed maximum 10 per cent relaxation of the separation distance allows the development authority flexibility to manage minor exceptions to the rule.

An analysis of the locations of payday loan businesses found clustering on 17 Avenue SE, 36 Street NE, Macleod Trail S and Centre Street North. Clustering of pawn shops and payday loans may give rise to local aesthetic and socio-economic impacts.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

The final report of the “Calgary Poverty Reduction Initiative”, a joint project between The City of Calgary and the United Way of Calgary and Area, completed in May 2013 and accepted by Council on 2013 May 27, identified restrictions on the locations of payday loan businesses as part of a strategy towards reducing financial vulnerability among Calgary households.

**ATTACHMENTS**

1. Proposed Bylaw 43P2015
2. Proposed Pawn Shop and Payday Loan Separation Distance Policy
3. Public Submissions

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

---

**ADMINISTRATIONS RECOMMENDATION TO CALGARY PLANNING COMMISSION**

1. Recommend that Council **ADOPT**, by bylaw, the proposed amendments to Land Use Bylaw 1P2007 (APPENDIX I).  
  
**Moved by: G.-C. Carra** **Carried: 6 – 0**  
Absent: S. Keating
2. Recommend that Council **ADOPT**, by resolution, the proposed Pawn Shop and Payday Loan Separation Distance Policy (APPENDIX II).  
  
**Moved by: G.-C. Carra** **Carried: 6 – 0**  
Absent: S. Keating  
  
Reasons for Approval from Ms. Wade:
  - Excellent report – a great comparative analysis to determine the policies.
  - Utilizing comparative research analysis provides robust information to form policies and demonstrates that we have considered other Canadian cities and USA examples.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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**REGULATORY DISCUSSION**

**BACKGROUND**

Payday loan businesses have been operating in Canada for approximately 20 years. They provide small loans (up to \$1,500) for short time periods (up to 62 days) for a fee. The loans are unsecured and are usually issued with a concurrent pre-authorised debit from the borrower's bank account or a post-dated cheque for the loan and fees. At the time of the writing of this report, one major payday loan business in Calgary was advertising the fee for a \$300 loan for 14 days as being \$69, meaning the borrower repays \$369 after two weeks. The fees for this loan were advertised as being the equivalent of an Annual Percentage Rate (APR) of 599.64 per cent.

Some payday loan businesses also provide a variety of other financial services such as:

- Electronic money transfers;
- Currency exchange;
- Prepaid debit/credit cards;
- Online payday loans;
- Bill payments;
- Cheque cashing;
- Cash for gold;
- Credit counselling;
- Tax filing and cash and loans based on future tax refunds;
- Larger and longer-term instalment loans based on a credit check and income qualifications.

The maximum rate of interest, including fees, allowed to be charged for loans in Canada is 60 per cent APR pursuant to the Criminal Code, unless Provincial legislation exists that enables a higher cost. In Alberta, the Payday Loans Regulation enables a maximum total cost of borrowing of 23 per cent of the principal amount of the loan for a term of less than 62 days. For a 14 day loan the fees are the equivalent of a 599.64 per cent APR.

The maximum fees across Canada are as follows:

<b>Province</b>	<b>Maximum fee per \$100 borrowed</b>
British Columbia	\$23
Alberta	\$23
Saskatchewan	\$23
Manitoba	\$17
Ontario	\$21
Quebec	N/A

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

New Brunswick	N/A
Nova Scotia	\$22
Prince Edward Island	\$25
Newfoundland and Labrador	N/A

Quebec, New Brunswick and Newfoundland do not have Payday Loan Regulations and therefore the usury provisions of the Canadian Criminal Code apply. The industry does not seem to operate in these jurisdictions.

The reasons for the relatively high cost of a payday loan likely include the costs of administering, managing and collecting the relatively small amounts of money involved, the short term of the loan, the risks involved due to the lack of security, the default rate and the transaction costs. In Provinces that do not enable fees higher than allowed in the Criminal Code there seem to be few payday loan businesses.

Payday loan businesses are regulated at the municipal level in some cities in Canada as show in APPENDIX V. Regulation takes the form of separation distances (Coquitlam), being in listed in only some districts (Abbotsford) or not being accommodated in the land use bylaw (White Rock), although presumably a payday loan business could be accommodated through a direct control redesignation in such circumstances.

## **REGULATION IN ALBERTA**

The Alberta Payday Loans Regulation became effective on 2009 September 01 with the maximum fee of 23 per cent for each loan becoming effective 2010 March 01.

In addition to the maximum fee, the provincial rules include a prohibition on 'rollover loans', a prohibition on requiring guarantees and not allowing direct access to a borrower's bank account except for pre-authorisation for repayment of the loan. The rules do not prohibit concurrent loans with different payday loan businesses, limit the number of payday loans a person can receive annually, nor do they appear to prohibit a payday loan rollovers from one payday loan business to a different payday loan business.

Based on a survey of seven different Alberta municipalities there does not appear to be any municipal-level planning regulation of payday loan or pawn shop businesses in Alberta beyond notification and consultation requirements for proposed pawn shops in Edmonton.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS**  
**CITY WIDE**  
**BYLAW 43P2015**

---

**REGULATION IN CALGARY**

The maps in APPENDIX III show the approximate locations of payday loan businesses in Calgary as of early 2015. At that time there appeared to be about 82 payday loan businesses. There appeared to be clustering of Payday Loan businesses along 17 Avenue SE, with lesser clustering along 36 Street NE, Macleod Trail S, and Centre Street / 16 Avenue N.

Payday loan businesses are not specifically regulated in Calgary. They are included in the definition of “Information and Service Provider”, which includes businesses such as income tax service providers, real estate offices, travel and insurance agencies and registry offices. Information and Service Provider is listed in twenty-seven districts in the LUB as shown in APPENDIX IV.

Pawn Shops are separately defined in the LUB and are listed in eleven land use districts.

**POLICY**

City-wide, policy 4.1.2.e of the Municipal Development Plan (MDP) states the city should:

*“Create and retain viable local and mixed-use areas that encourage business creation, residential development and community services, while maintaining compatibility with the neighbourhood-oriented character of the retail.”*

And that the city should:

*“Facilitate the development of retail areas within communities, by providing:*  
*i. A full mix of uses to be developed over time;”*

Other Area Redevelopment Plans (ARP's) address commercial use mixes on corridors. For example, the Forest Lawn-Forest Heights ARP states:

*“Commercial uses associated with high crime activities are to be discouraged. These uses included amusement arcades, billiard parlours, private clubs, striptease bars, and pawn shops.”*

**AESTHETIC IMPACT**

Payday loan and pawn shop businesses can have an impact on perceptions people form about a community. Higher than average densities or clustering of some uses, such as liquor stores, pawn shops, payday loan businesses, massage parlours, bars and nightclubs can communicate negative perceptions about the suitability and desirability of a community as a place to live and invest. Collectively, these uses can sometimes communicate a general message or perception, even if this is untrue, that a community has a higher crime rate, higher alcohol consumption, lower income, higher unemployment and greater social problems than other neighbourhoods.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

When clustered or aggregated in higher densities, these businesses can also reduce opportunities for other types of businesses to open and help form a complete business community. It is important to ensure that opportunities for a broad mix of commercial uses and positive community perceptions are created in all Calgary communities.

The overall density of payday loan businesses in Calgary is about one per 14,576 persons. However in some areas there is a concentration 10 times higher than the city wide average. For example, there are 1,362 persons per each payday loan business in the Community of Forest Lawn and Forest Lawn Industrial. APPENDIX IV lists the communities with the most payday loan businesses.

Payday loan businesses tend to locate along corridors and have a high visibility to both pedestrian and vehicle traffic. APPENDIX IV lists how payday loan businesses are distributed. It shows that 62 per cent locate along corridors and almost 20 per cent locate in neighbourhood commercial locations.

**SOCIAL & ECONOMIC IMPACT**

The main economic impact of payday loan businesses is the relatively high cost of small loans, and the impact this might have on a lower income household. Payday loan businesses provide convenient access to micro-credit to persons with jobs with no need for that person to provide loan guarantees or undergo a credit check. Sometimes this might mean that persons new to Canada or with un-established credit ratings will tend to use payday loan businesses more than others. If the use of a payday loan business by a lower income household is recurring, the costs of accessing credit can consume a significant portion of the household income. A 2005 Ipsos-Reid Express omnibus survey, reported in a Library of Parliament report on Payday Loan Companies in Canada, found that respondents who used payday lenders were more likely to have household incomes of less than \$30,000 per year, although it is unknown what the household income is of users of payday loans in Calgary in 2015.

Much research has been done in the United States on the impact payday loans have on neighbourhoods. Research published in the *Criminology & Public Policy* (2011, Volume 10, Issue 2) found that payday lenders in Seattle to be concentrated in communities with higher crime rates. The authors of this study concluded that the costs of payday loan businesses attribute to all members of a community and not just those who use the business. Another study published online in *Justice Quarterly* (2014 November 12) found that the presence of fringe banks is consistently related to higher levels of crime. It is unknown whether the conclusions of these studies are transferable to Calgary, however the theory they suggest is that payday lending presents immediate opportunities for persons with addiction or lifestyle issues to obtain cash, with no need to wait until payday, and that greater opportunities for crime exist when there are more persons with cash on the street.

Payday loan businesses tend to locate in communities where the household income is approximately 69.6 per cent of the average household income of the Calgary CMA (APPENDIX IV), while conventional financial institutions locate in areas where the household income is 89.3



**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

per cent of the average household income of the Calgary CMA, based on the household income results of the 2011 National Household Survey. When the downtown commercial core is excluded (because it is an area that serves the concentration of commerce in the downtown), payday loan businesses tend to locate in communities with 70.8 per cent of the average household income and financial institutions in communities with 96.4 per cent of the average household income.

Although it appears that payday loan businesses may tend to locate in lower than average income communities, the customers of these businesses may come from other communities or use the businesses because of their proximity to places of employment. Also, some communities have more commercial land use than others, which may also result in many types of businesses, and not just payday loans, from locating in them. Finally, some communities have commercial corridors that provide transportation routes to other parts of the city and the region, and so it is natural for businesses to want to locate on these corridors for their high visibility to vehicle traffic and access to public transportation.

It seems there are few other businesses in Calgary that offer similar convenient storefront access (no need for a guarantee or a credit check) to micro-credit that payday loan businesses offer. Recently the Vancity Credit Union in British Columbia has begun to offer micro-credit to its customers with lower costs than a typical payday loan.

**BUSINESS AND COMMUNITY CONSULTATION**

Individual business, industry organizations, communities and BRZ's were invited to provide input on the proposed amendments. To date, only three letters have been received which are shown in APPENDIX VI.

**CONCLUSION**

Payday loan and pawn shop businesses are an important part of the overall business community in Calgary as they provide valuable services and jobs. Payday loan and pawn shop businesses obviously fulfill a demand for short term loans. These businesses provide employment in the community, and their owners and employees are not only members of the community but they contribute to the city and its communities in many ways.

Notwithstanding the valuable contributions of payday loan businesses, they may have become overly concentrated in some areas of the city, notably 17 Avenue SE. The clustering of payday loan businesses in combination with pawn shops and other uses can contribute to the formation of negative perceptions about a community, where clustering of some types of uses can visually communicate that an area is economically challenged. This may impact decisions people and businesses make about choosing communities to invest and live. When some types of uses cluster, they may also impact the ability of a commercial corridor to provide a broad range of retail and service uses needed by a community. Accordingly, Administration recommends a 400 metre separation distance be implemented for payday loan businesses and pawn shops. This rule is similar to regulatory approaches taken in Calgary and in other jurisdictions to

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

manage clustering of uses that can sometimes have a collective negative impact on the perceptions of a community, and can help manage clustering so that other types of businesses can become established.

Many payday loan businesses have become online businesses. Rules that implement separation distances between storefront businesses will, over time, only manage the aesthetic and community perception impacts of payday loan and other businesses.

The regulation of the cost of credit of payday loans lies within provincial jurisdiction. Other initiatives, such as the Vancity example in Vancouver, will be needed in the absence of changes at the provincial level to lower the cost of micro-credit.

**THE PROPOSED LAND USE BYLAW AMENDMENT & POLICY**

Information and Service Provider is a listed use in twenty-seven districts as shown in APPENDIX IV. It is proposed that the new payday loan use be listed in the same districts except for the Multi-Residential and Special Purpose districts. Information and Service Provider was originally listed in some of the Multi-Residential districts to allow low-impact services such as travel and real estate agents to locate in a mixed-use development, however, other higher intensity commercial uses, such as Financial Institutions, were not listed because of the context of where these developments are located (e.g. in neighbourhoods, often in the same building as residential uses). Accordingly, it is suggested that payday loan uses not be listed in these districts. Additionally, payday loan uses are not proposed to be listed in the Special Purpose districts, as Information and Service Provider was listed in these districts to allow government and institutional services to be provided by private service providers (e.g. Registry Offices).

The definition of “Payday Loan” in APPENDIX I (c) is the same as in the Alberta Payday Loans Regulation. To manage the clustering of payday loan businesses, the definition includes a 400 metre separation distance from any other payday loan use or any other approved use where the activities are the same as defined in a payday loan use. This means the separation distance would apply to a new payday loan use when proposed near an existing business operated as payday loan use even if that business was approved as an “Information and Service Provider” or another use.

The amendments also suggest that only a 10 per cent variance to the 400 metre separation distance be allowed. A policy that assists the discretion of the development authority in making decisions about requests for a variance to the separation distance is contained in APPENDIX II.

The LUB amendments also propose a 400 metre separation distance for pawn shops, as the maps in APPENDIX III also show that pawn shops also tend to co-locate similarly to payday loan businesses, although this is confined to 17 Avenue SE and 16 Avenue NW.

The 400 metre separation distance was chosen as it coincides with the five minute walking distance identified in the MDP.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

The new definition and separation distance rules for a payday loan use, and separation distance rules for pawn shops mean that existing payday loans originally approved as other uses, and pawn shops within the minimum separation distance, will be legal but non-conforming. Usually, a municipality only renders a use non-conforming when it wants change to occur. A non-conforming use may be continued, but if it is discontinued for six consecutive months then any new use must conform to the LUB. Additionally, a building containing a non-conforming use cannot be structurally altered or enlarged, and a parcel containing a non-conforming use cannot have new buildings constructed on it while the non-conforming use exists. The rules regarding non-conforming uses are in the Municipal Government Act to allow a municipality to make changes to the way uses are regulated in order to promote change. Sometimes non-conformity can mean that buildings are not renovated and additions and improvements are not undertaken while the non-conforming use exists.

Finally, the amendments include a new rule that explicitly enables the development authority to cancel a development permit in one location to allow a use to relocate and comply with a separation distance rule in a new location. The development authority has previously cancelled development permits to manage this situation in the past, but has now requested LUB amendments to officially recognise what used to be a business practice. This amendment is shown in APPENDIX I (h).

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

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APPENDIX I

PROPOSED AMENDMENTS TO LAND USE BYLAW 1P2007

- (a) Add new subsections (g.1) and (g.2) to section 27(2):
- “(g.1) **Pawn Shop**;
- (g.2) **Payday Loan**;
- (b) Add a new subsection (c.1) to section 254:
- “(c.1) must not be located within 400.0 metres of any other **Pawn Shop**, measured from the closest point of a **Pawn Shop** to the closest point of another **Pawn Shop**;
- (c) Add section 254.1:
- “254.1 “Payday Loan”**
- (a) means a **use** where the advancement of money with a principal of \$1,500 or less and term of 62 days or less is made in exchange for a post-dated cheque, a pre-authorized debit or a future payment of a similar nature, but not for any guarantee, suretyship, overdraft protection or security on property, and not through a margin loan, pawnbroking, a line of credit or a credit card;
- (b) is a **use** within the Sales Group in Schedule A to this Bylaw;
- (c) must not be located within 400.0 metres of any other **Payday Loan** or any other approved **use** for the activities described in subsection (a), when measured from the closest point of a **Payday Loan** to the closest point of another **Payday Loan** or any other approved **use** for the activities described in subsection (a);
- (d) requires a minimum of 2.0 **motor vehicle parking stalls** per 100.0 square metres of **gross usable floor area**;
- (e) requires a minimum of 1.0 **bicycle parking stalls – class 1** per 100.0 square metres of **gross usable floor area**; and
- (f) requires a minimum of 1.0 **bicycle parking stalls – class 2** per 100.0 square metres of **gross usable floor area**.”

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

---

- (d) Amend section 40 by deleting “or” at the end of the sentence in subsection (g).
- (e) Amend section 40 by deleting “.” at the end of the sentence in subsection 40(h)(iii) and replacing it with “;”.
- (f) In section 40 add new subsections (i) and (j):
  - “(i) is for a **Pawn Shop**:
    - (i) within 200 metres of another existing approved **Pawn Shop** where the **development permit** is for the expansion or alteration of an existing approved **Pawn Shop** or renewal of a previously approved **development permit** for a **Pawn Shop**;
    - (ii) in all other cases, where a **Pawn Shop** is located within 90 per cent of a minimum separation distance specified in subsection 254(c.1); or
  - (j) is for a **Payday Loan** located within 90 per cent of a minimum separation distance specified in subsection 254.1(c).”
- (g) Delete subsection 193(a) and insert the following:
  - “(a) means a **use** where:
    - (i) banks, credit unions, trust companies, and treasury branches operate, but does not include
      - (A) **Pawn Shops** or businesses that offer financing for products sold at that business; or,
      - (B) businesses that solely offer secured or guaranteed financing;
      - (C) **Payday Loans**; or
    - (ii) three or more automated banking machines are located directly adjacent to each other;”
- (h) Delete subsection 43(1)(d) and (e) and insert the following:
  - “(d) the requirements of conditions of the **development permit** have not been complied with;
  - (e) the applicant requests, by way of written notice of the **Development Authority**, the cancellation of the **development permit**, provided that commencement of the **use, development** or construction has not occurred; or

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

---

- (f) the ***Development Authority*** cancels a ***development permit*** for a ***use*** after it has commenced, to allow the same ***use*** in a new location that would otherwise not be allowed by a location distance rule when measured from the original location of approval.”
- (i) Add new subsection (o.1) to subsection 723(3):
  - (o.1) **Payday Loan;**
- (j) Add new subsection (t.1) to subsections 740(3) and 882(3):
  - (t.1) **Payday Loan;**
- (k) Add new subsection (w.1) to subsection 759(3):
  - (w.1) **Payday Loan;**
- (l) Add new subsection (u.1) to subsections 778(3), 863(3), 1181(3) and 1278(3):
  - (u.1) **Payday Loan;**
- (m) Add new subsection (dd.1) to subsection 798(3):
  - (dd.1) **Payday Loan;**
- (n) Add new subsection (bb.1) to subsection 815(3):
  - (bb.1) **Payday Loan;**
- (o) Add new subsection (d.1) to subsection 830(4):
  - (d.1) **Payday Loan;**
- (p) Add new subsection (n.1) to subsections 924(2) and 1269(3):
  - (n.1) **Payday Loan;**
- (q) Add new subsection (k.01) to subsection 939(2):
  - (k.01) **Payday Loan;**
- (r) Add new subsection (r.1) to subsection 955(2) and 1259(3):
  - (r.1) **Payday Loan;**

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

---

- (s) Add new subsection (p.1) to subsection 969:
  - (p.1) **Payday Loan;**
- (t) Add new subsection (z.1) to subsection 1164(3):
  - (z.1) **Payday Loan;**
- (u) Add new subsection (aa.1) to subsection 1307(3):
  - (aa.1) **Payday Loan;**
- (v) Add new subsection (l.1) to subsection 1249(3):
  - (l.1) **Payday Loan;**

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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**APPENDIX II**

**PAWN SHOP AND PAYDAY LOAN SEPARATION DISTANCE POLICY**

**Objectives**

To ensure opportunities for pawn shop and payday loan businesses on corridors and in communities are balanced with opportunities for other businesses and to prevent clustering of these businesses.

To avoid potential negative perceptions that may be created about a community when payday loan and pawn shops cluster.

To manage the clustering of payday loan and pawn shops in order to avoid a negative aesthetic impact on the streetscape.

To promote a full range and mix of commercial uses and opportunities for a variety of uses to occur.

To manage the potential socio-economic impacts of the clustering of payday loan and pawn shops.

**Guidelines**

A request to reduce the 400 metre minimum separation distance between a proposed payday loan and an existing payday loan or business that falls within the payday loan definition, or to reduce the 400 metre minimum separation distance between a proposed and existing pawn shop, by up to 10 per cent of the minimum distance, may be approved by the development authority when:

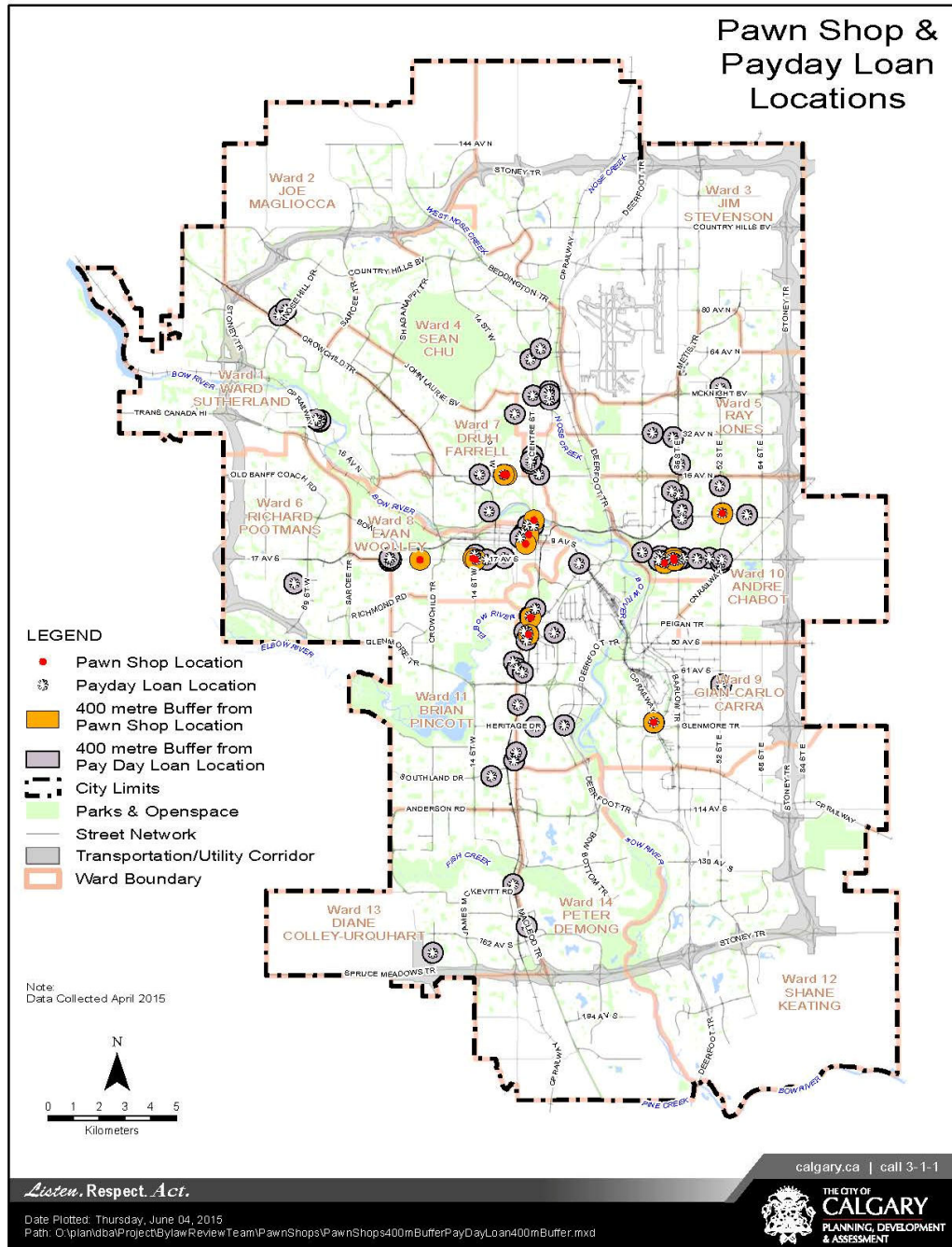
1. The proposed payday loan or pawn shop serves a different community;
2. Only one other payday loan or pawn shop is within the minimum separation distance;
3. A major road or expressway separates the proposed payday loan or pawn shop from the existing payday loan or pawn shop; or
4. The proposed or existing payday loan or pawn shop or is located in an enclosed shopping centre.



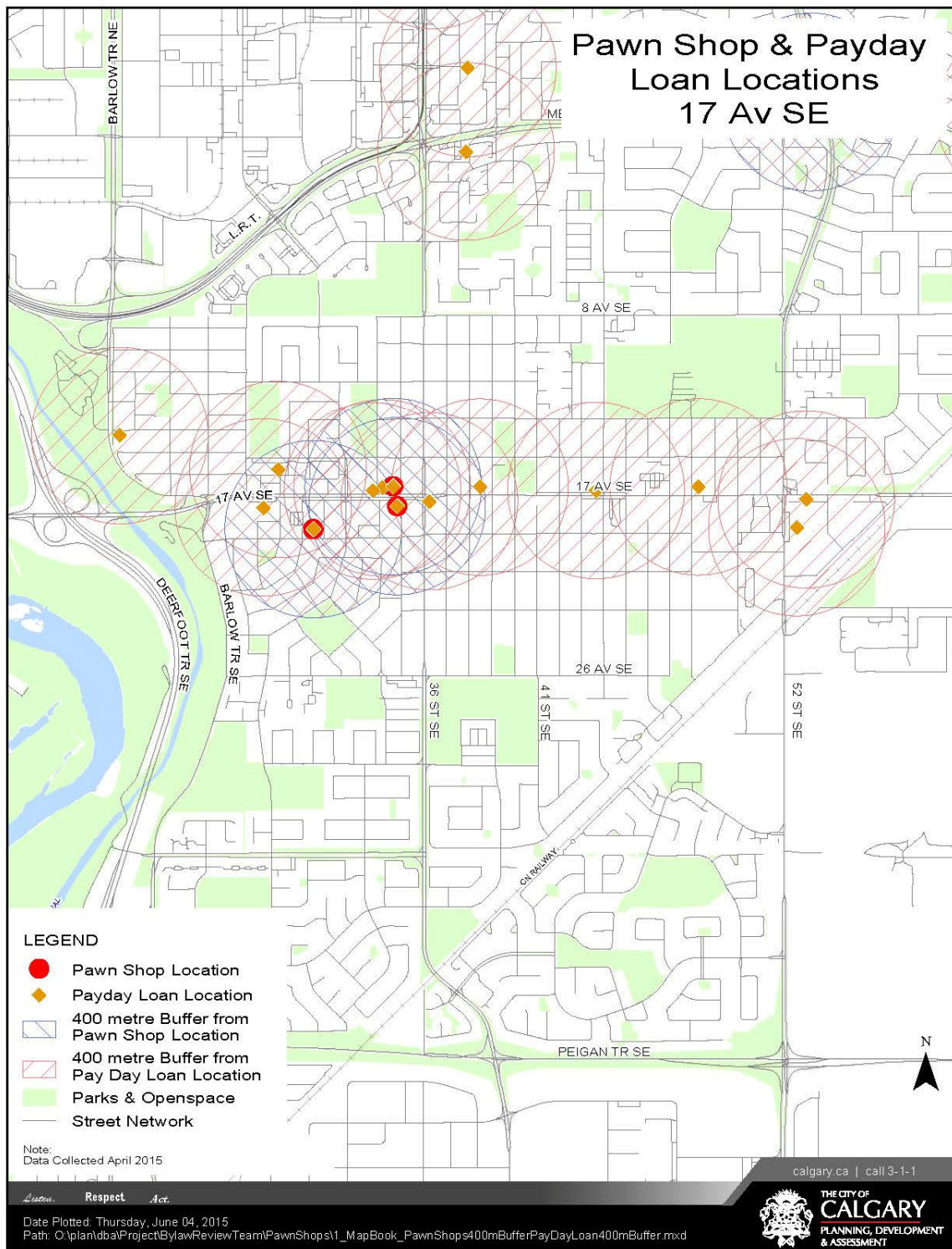
MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

**APPENDIX III**

**PAWN SHOP AND PAYDAY LOAN LOCATIONS**

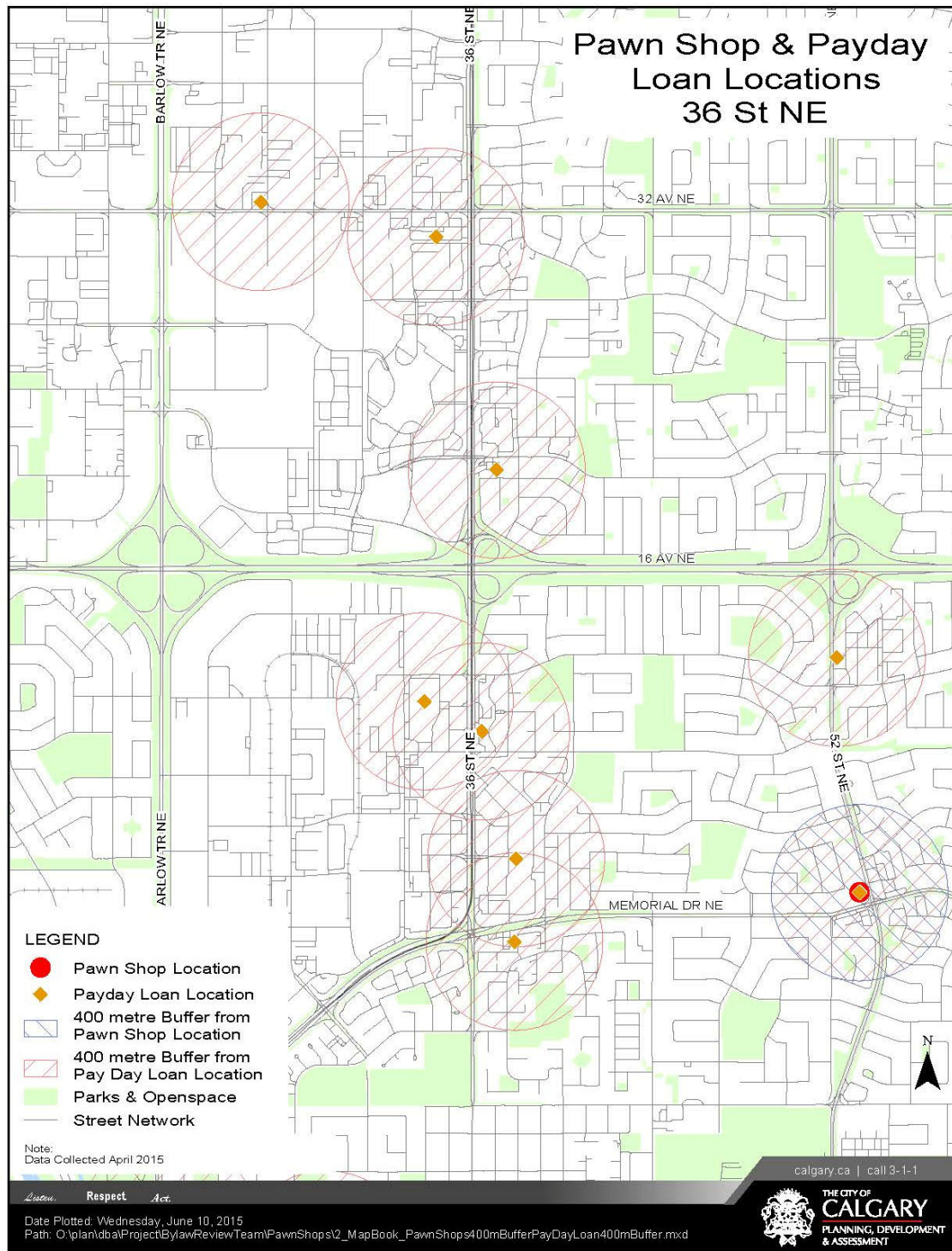


MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

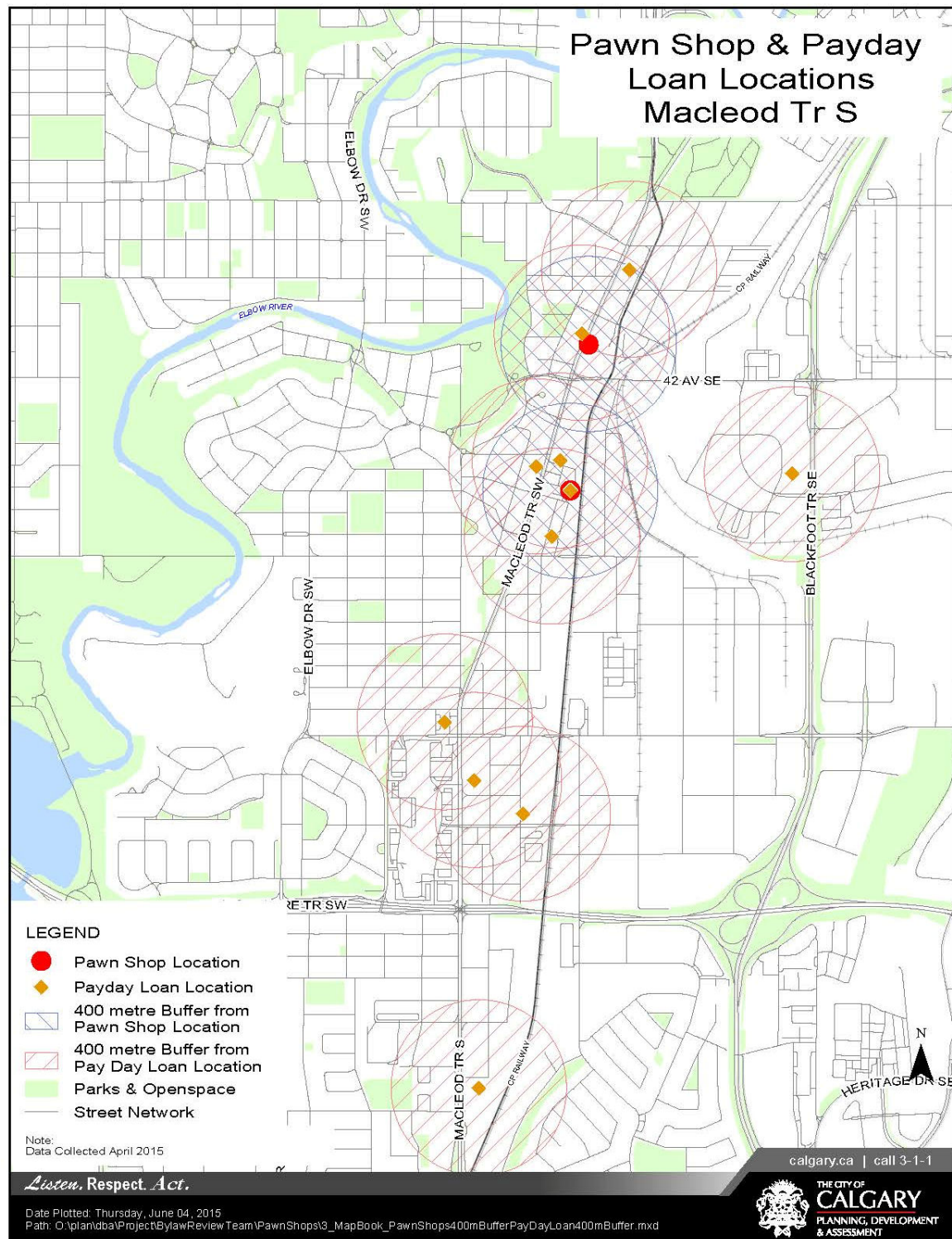




MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

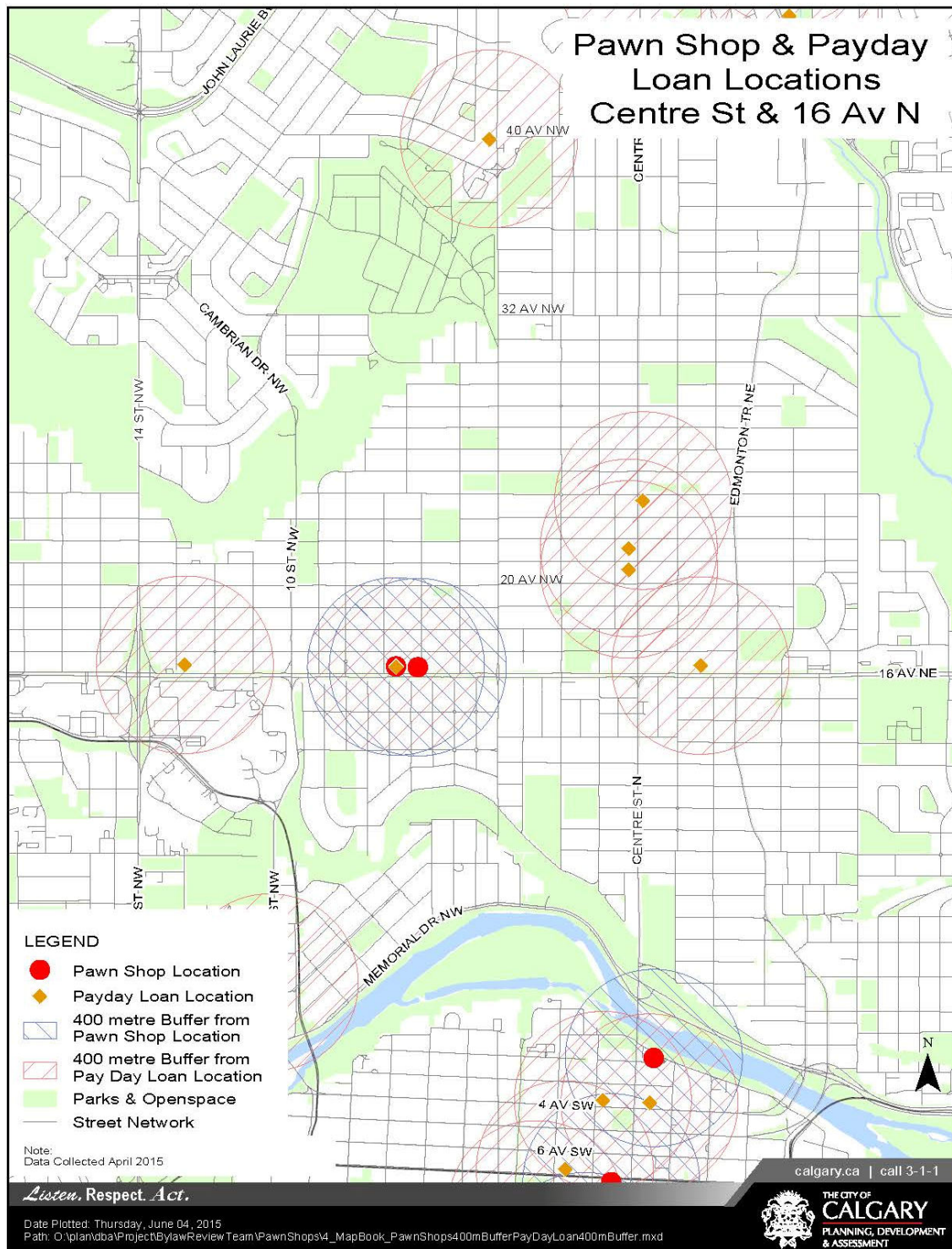


MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015





MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015



MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

**APPENDIX IV**

**PAYDAY LOANS AND PAWN SHOPS IN CALGARY**

District	Information & Service Provider	Pawn Shop	Payday Loan*
M-H1	D	N/A	N/A
M-H2	D	N/A	N/A
M-H3	D	N/A	N/A
M-X1	D	N/A	N/A
M-X2	D	N/A	N/A
C-N2	P	N/A	D
C-C1	P	N/A	D
C-C2	P	P	D
C-COR1	P	D	D
C-COR2	P	D	D
C-COR3	P	D	D
C-O	P	N/A	D
C-R2	P	P	D
C-R3	P	P	D
I-B	P	N/A	D
I-E	P	P	D
I-C	P	P	D
I-R	D	N/A	D
S-CRI	D	N/A	N/A
S-URP	D	N/A	N/A
CC-X	P	D	D
CC-COR	P	D	D
CR20-C20/R20	P	D	D
CC-EMU	P	N/A	D
CC-ET	P	N/A	D
CC-EPR	P	N/A	D
CC-EIR	P	N/A	D

- D Discretionary Use  
P Permitted in an existing building otherwise discretionary in a new building  
N/A Not listed  
\* Proposed district listing for Payday Loan

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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- In early 2015 there were approximately 82 payday loan businesses in Calgary, approximately one payday loan business for each 14,576 persons.
- The communities with 3 or more payday loan businesses in Calgary, when including payday loan businesses in nearby industrial areas are:

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<b>Community</b>	<b>Number</b>	<b>Persons per Business<sup>1</sup></b>
Albert Park/Radisson Heights	6	1,088
Bowness	3	3,870
Downtown	5	1,800
Forest Lawn + Forest Lawn Industrial <sup>2</sup>	6	1,362
Greenview + Greenview & Skyline West Industrial <sup>2</sup>	4	536
Manchester + Manchester Industrial <sup>2</sup>	7	190
Marlborough + Franklin Industrial <sup>2</sup>	5	1,798
Southview	3	605
Tuxedo Park	4	1,220

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<sup>1</sup>Community population is taken from 2014 City of Calgary Census.

<sup>2</sup>Total for the community includes the payday loan businesses in the stated adjacent Industrial area.

- The communities with three or more payday loan businesses in Calgary using only payday loans within defined community boundaries:

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<b>Community</b>	<b>Number</b>	<b>Persons per Business<sup>1</sup></b>
Albert Park/Radisson Heights	6	1,088
Bowness	3	3,870
Downtown	5	1,800
Forest Lawn	4	2,042
Manchester	3	444
Marlborough	4	2,247
Southview	3	605
Tuxedo Park	4	1,220

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<sup>1</sup>Community population is taken from 2014 City of Calgary Census

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

- Payday loan businesses are located mostly in Corridor districts, and secondly, in neighbourhood districts, as shown in the table below.

District type	Number	%
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<b>Neighbourhood</b>		<b>19.5%</b>
C-N2	4	
C-C1	3	
C-C2	6	
DC C-1A	2	
DC C-1	1	

<b>Corridor</b>		<b>62.2%</b>
C-COR1	12	
DC C-COR1	1	
C-COR2	17	
DC C-COR2	1	
C-COR3	12	
CC-COR	1	
DC (C-2)	3	
DC (C-3)	3	
DC	1	

<b>Regional</b>		<b>3.7%</b>
C-R2	1	
C-CR3	1	
DC C-5	1	

District type	Number	%
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<b>Industrial</b>		<b>3.7%</b>
I-G	1	
I-G/C-COR3	1	
I-R	1	

<b>Downtown</b>		<b>7.3%</b>
CR20	2	
DC CM-2	4	

<b>Residential</b>		<b>3.7%</b>
M-1	1	
R-1	1	
R-C2	1	
<b>17 Districts</b>	<b>82</b>	

- The average household income in the Calgary Metropolitan Area (CMA) was \$113,152 in 2011.
- Payday loan businesses are located in communities with a weighted average household income of \$78,693, 69.5 per cent of the average household income.
- Financial Institutions are located communities with a weighted average household income of \$101,080, 89.3 per cent of the average household income.



**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

- When the downtown commercial core is excluded, payday loan businesses tend to locate in communities with 70.8 per cent of the average household income, while financial institutions tend to locate in communities with 96.4 per cent of the average household income.

Area	Number of Payday Loans	Number of Financial Inst.	Avg. income \$
Calgary CMA	82	245	113,152
Acadia	2	3	73,417
Albert Park/Radisson heights	6	1	62,523
Arbour Lake	2	6	114,924
Aspen Woods	0	6	238,805
Bayview	0	2	430,914
Beddington Heights	5	5	91,820
Beltline	2	7	72,942
Bowness	3	1	76,898
Braeside	0	2	100,2002
Brentwood	0	5	108,330
Bridgeland / Riverside	0	1	80,740
Bridlewood	1	2	95,623
Britannia	0	1	499,777
Capitol Hill	1	0	83,904
Chinatown	1	1	41,151
Cliff Bungalow	0	2	91,884
Country Hills	0	1	103,936
Country Village	0	3	67,696
Coventry Hills	0	2	106,318
Crescent Heights	0	3	91,799
Dalhousie	0	3	98,814
Deer Ridge	0	2	91,189
Downtown Commercial Core	5	35	59,992
Eau Claire	0	2	179,827
Elboya	1	0	163,770
Evanston	0	5	118,179
Fairview	2	1	79,162
Falconridge	1	2	70,449
Forest Heights	1	2	64,040
Forest Lawn	4	0	52,640
Glamorgan	0	2	86,118

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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Glenbrook	0	1	75,888
Glendale	1	1	106,779
Greenview	1	0	56,828
Haysboro	1	5	80,593
Highwood	1	0	94,548
Hillhurst	1	6	121,501
Hounsfield / Briar Hill	0	2	140,836
Huntington Hills	1	0	75,528
Inglewood	0	3	91,832
Killarney/Glengarry	1	2	92,960
Lake Bonavista	0	1	152,893
Lakeview	0	1	136,240
Lincoln Park	0	1	59,553
Lower Mount Royal	2	4	79,315
Manchester	3	6	37,668
Marlborough	4	1	74,247
Marlborough Park	2	2	73,030
Mayland Heights	0	1	73,764
McKenzie Towne	0	6	113,145
Meadowlark Park	0	2	122,467
Midnapore	0	1	105,894
Mission	0	1	86,864
Montgomery	0	1	72,832
Mount Pleasant	1	0	123,310
Oakridge	0	1	147,280
Ogden	1	0	74,877
Panorama Hills	0	1	113,197
Parkhill	1	0	134,751
Pineridge	0	2	73,542
Ramsay	1	0	63,314
Renfrew	0	1	88,348
Riverbend	0	1	115,049
Rocky Ridge	0	1	118,049
Rosemont	0	2	99,003
Rosscarrock	1	1	71,167
Rundle	2	0	72,409
Saddle Ridge	0	3	87,395
Shaganappi	0	2	92008

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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<b>Shawnee Slopes</b>	1	0	141,629
<b>Shawnessey</b>	1	5	102,265.00
<b>Sherwood</b>	0	3	140,209
<b>Signal Hill</b>	0	5	157,651
<b>Silverado</b>	0	1	113,193
<b>South Calgary</b>	0	3	102,324
<b>Southview</b>	3	1	71,098
<b>Southwood</b>	1	2	86,872
<b>Springbank Hill</b>	1	0	191,608
<b>Spruce Cliff</b>	0	1	81,672
<b>Strathcona Park</b>	0	1	178,031
<b>Sunalta</b>	0	1	62,498
<b>Taradale</b>	0	1	84,613
<b>Thornccliffe</b>	1	3	79,526
<b>Tuxedo Park</b>	4	1	85,359
<b>University Heights</b>	0	1	87,385
<b>University of Calgary</b>	0	1	35,385
<b>Varsity</b>	0	3	121,328
<b>West Springs</b>	0	2	165,518
<b>Westgate</b>	0	1	101,486
<b>Whitehorn</b>	1	0	78,541
<b>Willow Park</b>	0	4	126,813
<b>Windsor Park</b>	1	1	80,200
<b>Winston Heights / Mountview</b>	0	1	98,750
<b>Woodbine</b>	0	1	134,885
<b>Industrial / other Areas</b>	11	31	N/A

The household income data is from the Statistics Canada 2011 National Household Survey (NHS).

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

**APPENDIX V**

**MUNICIPAL APPROACHES TO MANAGING PAYDAY LOANS**

**CANADA**

<b>JURISDICTION</b>	<b>DETAILS</b>
Abbotsford, BC	Prohibited in the historic downtown district
Maple Ridge, BC	New cheque cashing and loan centres are prohibited.
City of Langley, BC	Cheque cashing and money lending restricted to C3 district and to enclosed shopping centres.
Coquitlam, BC	Cheque cashing business shall not locate within 1,000 m of another cheque cashing or pawnshop.
Surrey, BC	No cheque cashing centre or payday loan store within 400 m of each other.
White Rock, BC	Payday Loans and pawnshops not permitted.
Winnipeg, MB	No cheque cashing / pawn shop business may be located within 300 m of another cheque cashing / pawnshop business. Not allowed in mixed use districts.

**UNITED STATES**

<b>JURISDICTION</b>	<b>DETAILS</b>
Phoenix, AZ	Cannot operate within 400 m of each other and within 150 m of residential areas.
Oakland, CA	Special Permit, must not be closer than 300 m from another check casher / payday lender; must be at least 150 m away from: 1) schools 2) state or federally chartered banks, savings associations, credit unions, or industrial loan companies 3) churches 4) Small liquor stores.
Sacramento, CA	Bans Payday Lender from being within 300 m of another lender, check casher, church, school or bank. Prohibits new stores from opening within 150 m of homes and limits hours from 7 a.m. to 7 p.m.
San Jose, CA	Caps number of outlets at current level; new owner can move into existing lending site within 6 months of vacancy otherwise lender must be 400 m from other lender and low income areas.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

Ft. Lauderdale, FL	City Zoning Code does not prohibit or permit check cashing services- decision are made on a case-by-case basis. Special use permit required.
Ames, IA	Outlets must be more than 300 m schools, childcare centers, and other payday lenders, land zoned for residential uses, any arterial street, commercial highway zones and overlay districts.
Chicago, IL	Outlets may only be in specified districts, payday/title secured lenders must be 300 m apart from each other, and 300 m from pawn shops.
Las Vegas, NV	Special use permit required. May not be within 61 m of residences. Must be 300 m from other financial institutions, auto title loan businesses, and pawn shops. Restricted hours.
St. Louis, MO	Applies to “small loan business” and check cashing establishments. Conditional land use permits required. Must be 1,609 m from each other and 150 m from residence, school, or church.
Cleveland, OH	Ordinance limits outlets to one per 20,000 residents, must be at least 300 m apart.
Pittsburgh, PA	Operating hours restricted. Cannot locate within 300 m from same / pawn shop / gaming enterprise or within 150 m from residential zone.
Austin, TX	Outlets cannot be within 300 m of each other, within 61 m of property with residential zoning, within 150 m of rights-of-way for I-35 and other listed highways, no outlets in specified overlay or boundary areas.
Salt Lake City, UT	Payday loan / check cashers prohibited within 800 m of each other.
Norfolk, VA	Must receive permission from the city council in the form of “special exception use” permit.
Green Bay, WI	Cannot locate within 1,524 m of same or 45 m of residential zone. Cannot operate between the hours of 9 p.m. – 6 a.m.

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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**APPENDIX VI**

**CORRESPONDENCE**

Gentlemen

I take umbrage at having to waste my time in response to uninformed social engineers meddling in business and wasting tax payers money on frivolous studies designed to mask the fact they are going to do whatever has been preordained under cover of public consultation.

This is called the "Delphi Technique. Developed by the Rand Corporation as a Cold War mind control technique."... " The meetings are advertised as an opportunity for you to give your input to an exciting new plan for the redesign of your city center for the future. You'll usually see it as a specific plan for a redevelopment project or a regional transportation plan that involves housing and land use restrictions. Delphi is used in school board meetings, in trainings, at neighbourhood association meetings and other places where the organizers want to give the appearance that they have listened to community opinion and incorporated it into their plan" (Behind The Green Mask:U.N. Agenda 21, Rosa Koire ,ISBN #978-0-615-49454-8, PG. 25). Notwithstanding the above, we have operated a payday loan store at 3908 17th Ave SE for approaching 15 years. We offer payday loans, equity loans, mortgage and other funding referrals, gold and silver purchasing as well as offering personal financial counselling and education. We are designated as a Financial Institution by Federal authority, licensed as a Payday Loan Operator by Service Alberta, a licensed Second hand Dealer by the City of Calgary. In addition to federal, provincial, payroll tax and non recoverable GST, we pay property tax, business tax, licensing fees and mandated bonding fees. We provide employment income for 3 families in our community who also pay taxes. We are currently regulated, overseen, and restricted to the point of being predatory. Any additional submissions or requests for oversight are most unwelcome.

For those uninformed individuals that believe that we cater to the poor or underprivileged let me share a story. I was once accosted by a well dressed drunk woman at Stampede. She accused me of preying on the poor. My reply, "no mam, we are the people who help people put food on the table when no one else will." EVERYBODY now lives pay cheque to pay cheque. Most are one emergency away from calling us where they will be treated with courtesy. To know our clients, ask 10 people if they can pay off their credit cards every month. I did it. You will be stunned.

We (Call4Cash) do not knowingly cater to unemployed, social service (Alberta Works), or AISH clients. Most common reasons for using our service are car breakdown so can get to work, bank holding cheque, or bills due before payday. Our clients have included plant workers, office workers, politicians, engineers, bank employees, pensioners, oil executives and a doctor.

Established in Oct 2000, we believe we are the 3rd oldest location in Forest Lawn. As such we have been most harmed by the proliferation of other competitors in the area. Due to rate fixing by regulators and the cost of doing business we believe that this situation will resolve itself. In the past year the largest operator has gone bankrupt( Cash Store/Instaloans with approx 35 stores in Calgary, 2 on 17th AVE) as well as MOGO (July 31/15) at 52st and 17th AVE have

L. Kimber

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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ceased operations. The Cash Store locations and clients have been taken over by existing competitors who, if they have any sense should close them as leases expire to consolidate in their pre-existing locations.

Congratulations on correctly finding that the main concentration of Payday Loan stores are in corridor areas, not targeting low income areas as other "interest groups" have purported in news articles and presentations this year. When originally surveying the area in 2000 we identified locations by proximity to transport routes between employment and residences with good access from both to and from work directions. Clustering is compounded by the scarcity of small locations and the boulevard system in Calgary which restricts access from both directions.

Location, location, location has been the mantra of realtors and it holds true. Unless something changes we are happy with our present location. Usually I support free enterprise and competition but any restrictions barring additional Payday Loan stores in Forest Lawn will be beneficial for us.

Submitted August 19, 2015  
by Allan Shantz-President  
1134098 Alberta Inc, o/a CALL4CASH

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

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212, 4202 17 Avenue SE, Calgary, AB T2A 0T2 403-248-7288, [www.internationalavenue.ca](http://www.internationalavenue.ca)

July 15, 2015

Land Use and Planning Dept.  
City of Calgary  
PO Box 2100, Stn.M.  
Calgary, AB, T2P 0M5

Dear Mr. Laurie Kimber:

Payday loans establishments are quite prevalent on our Avenue. The area has 11 payday lenders within the 35 blocks of International Avenue. When cheque cashing businesses are added in it brings the total up to 14. Money transfer is also quite popular but provides a much-needed method for new Canadians to send money home often to remote villages that traditional banks don't serve. These are four, making the total 18 on the street.

Often what happens over the years when an area is experiencing a downward spiral, banks start to leave. The BRZ zone has not experienced this phenomenon with the exception of the First Calgary Financial- a community bank leaving the street. Otherwise, over the years pawnshops have been reduced from nine in the mid 90's to three operating now. The success of this has largely been the Forest Lawn ARP, which has discouraged new pawnshops, billiards, and other negative uses within the area from 36-52 Street (Forest Lawn portion of the Avenue). This is an example, which has proven to be effective in limiting these uses. The image that these businesses reflect-pawnshops, liquor stores and payday lenders, are negative. Although these are largely a very small representation of the overall businesses of 415 that call International Avenue home, these largely provide the most negative feedback from residents, consumers and other businesses about what they do not like about the community.

The perception of a community is very important. We believe the area is well saturated with this use. Our partners, Momentum, and other groups within the community are concerned the impact has on the cycle of poverty.

I remember when a new cheque cashing, payday lender entered the marketplace on the Avenue a couple of years ago. I received some calls from residents asking how the BRZ could allow this use in. I explained the BRZ does not have a say on the



**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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businesses that locate on private property and that we had developed relationships with many property owners who support the vision of the area and do not rent a space to this use, but this is not always the case. Most property owners prefer a payday lender as a tenant because they pay their rent and are often supported by a chain and will pay top dollar for space. Finally, I mentioned to concerned citizens that payday loan businesses are considered a retail use under the land use by law and licensed through the province and as such, there is little we can do to discourage the use. This is the crux of the matter. We need to be involved in the zoning prior to the proliferation of these uses. Otherwise, we are always playing catch up and to what end?

A clustering of this use, some may think is positive for the consumer, but I beg to differ. The access to these services being so easy means that multiple payday loans can be taken out causing a consumer to spiral into a multitude of overwhelming debt.

Overall the issue is not simple. Is a 400-meter enough? We would like to see that certain businesses of a concern should not be allowed to cluster within an area.

“In most cases, payday lenders present a classic example of an industry that creates local community financial drain. The more money that is exported out of the local economy by excessive fees, the less money there is to spend within the local economy. This creates not only individual financial spirals but community economic spirals as well. The capital that could be circulated within a local economy is lost to outside interests.” says Kelly Griffith, Deputy Director Southwest Center for Economic Integrity, Jacksonville, FL

The International Avenue BRZ supports the total moratorium on all payday loans and pawnshops within our zone. When a location closes it should not be able to be replaced by a similar use. The proposed by-law in no way goes far enough. Thank-you for the opportunity to comment on this matter.

Kind Regards,



Alison Karim-McSwiney, BA, MIPM, Executive Director

MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015

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Mr. Laurie Kimber  
City of Calgary  
[Laurie.kimber@calgary.ca](mailto:Laurie.kimber@calgary.ca)

Mr. Dane Morris  
City of Calgary  
[Dane.morris@calgary.ca](mailto:Dane.morris@calgary.ca)

July 13, 2015

Dear Laurie & Dane,

Thank you for your work on Land Use Bylaw (LUB) amendments for payday lenders and pawn shop businesses. Momentum appreciates you connecting with us for updates on your progress on this file and for soliciting feedback on your proposal. Our organization has been working on this file since the start of 2014 and we look forward to continuing to be engaged as it moves forward to the Calgary Planning Commission and City Council.

We are also pleased to see payday lenders being defined specifically in the LUB. The generic category of 'Information and Service Provider' was too broad for a business of this type and the clustering, especially in low income neighbourhoods, is not something that occurred with the other business types included in this business category.

Momentum has always called for a 400 metre separation for payday loan businesses and we are pleased to see this recommendation reflected in your backgrounder document. We are skeptical of the need for a 10% relaxation of this distance provision. This 10% relaxation and the conditions that go along with it allows for additional latitude for these businesses that was not anticipated by citizens, community members, and organizations calling for the 400 metre separation change for payday loan businesses.

Attachment 8 includes the guidelines that would be used to determine whether a relaxation can occur. It appears the wording would not allow a further relaxation beyond 10% no matter the circumstances, however, this could be made clearer. Where such bylaws are active, primarily in the United States, there is no such relaxation made to our knowledge. Particularly troublesome is the first guideline which would allow relaxation if the payday loan business purports to serve a different community. This is an incredibly broad condition that could take into account any manner of perceived difference. This service of a different community needs to be further defined or removed as a condition.

The other troubling condition is relaxation based on separation by a major roadway. This requires further definition as to what constitutes a major roadway. The largest concentration of lenders appears to be along or near 17 Ave SE, would this be considered a major roadway? A proper definition of this type of roadway is necessary.

Lastly, a potential lender need only meet one of these conditions to qualify for relaxation. While Momentum remains skeptical as to the reasoning for the need of any relaxation below 400 metres, meeting any one of these conditions does not appear to be particularly onerous. As such, if relaxation is necessary then meeting multiple conditions would be an appropriate test.

**momentum**

16, 2936 Radcliffe Drive SE  
Calgary, Alberta T2A 6M8

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Fax 403 235-4646

L. Kimber

**MISCELLANEOUS – PAYDAY LOANS AND PAWN SHOPS  
CITY WIDE  
BYLAW 43P2015**

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Momentum is largely supportive of the direction you propose on this file. However it has raised some questions that we would ask for your feedback:

- In Attachment 2, pawn shops and payday lenders are required to be notice posted. However, this may only apply to new buildings or substantial changes to an existing building including signage. If a lender is moving into an existing retail space are there any notice posting or development permit requirements?
- Was any consideration given the making payday lenders a discretionary use rather than a permitted use? If so, is it possible to make them discretionary citywide?
- What is the planning rationale for the proposed 10% relaxation? Is there any situation where relaxation can occur beyond that 10%?
- What type of service to a different community would be considered permissible for relaxation of the 400 metre distance?

Thank you again for your excellent work on this file. We look forward to continuing engagement in this process as it moves forward to the Calgary Planning Commission.

Sincerely,



Mike Brown  
Public Policy Coordinator